Letter to the Editor

Montgomery County can't afford these pay raises

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With the wreckage of the "Great Recession" still visible in the rearview mirror and furloughs of up to 14 days fast approaching for thousands of regional federal workers, government leaders should be cautious in committing to major increases in structural spending. Yet Montgomery County Executive Isiah Leggett (D) has agreed to pay increases of 13.5 percent for most county employees, 14.7 percent for most police officers and 19.5 percent for most firefighters over the next two years.

These raises will cost $31 million in fiscal 2014, $73 million in fiscal 2015 and $85 million in fiscal 2016. If approved by the Montgomery County Council, they will crowd out spending on essential services or result in higher taxes, making it even harder for the county to compete economically with neighboring jurisdictions.

These proposed raises are excessive and irresponsible. Montgomery County government has no difficulty attracting and retaining excellent employees, because the county's pay and benefits compare favorably with those of most other employers. In contrast, the county is having difficulty attracting and retaining businesses, in part because its taxes are higher than those of neighboring counties. The county's energy tax, which far exceeds that of neighboring jurisdictions, is a prime example.

The council can improve the county's competitiveness while reducing future salary and pension costs by reducing both the pay raises and the energy tax.

The council should reduce the raises agreed to by Mr. Leggett by 35 percent. This would still provide county employees — who haven't had a raise in several years — with significant and sustainable raises of 4 to 6 percent for each of the next two years. Reducing Mr. Leggett's proposed raises by this amount would save $11.4 million in the coming year and at least that much every year after fiscal 2014. It would also enable the county to reduce the 2010 increase in the energy tax by 10 percent in fiscal 2014 and by an additional 10 percent in fiscal year 2015.

In 2010, at the height of the recession, Mr. Leggett proposed increasing the energy tax by 100 percent but recommended that the increase end after two years because of the "significant impact" it would have on businesses and residents. The council reduced the increase to 85 percent and voted to sunset the increase after two years. Last year, the council reduced the increase by 10 percent. But in his recommended fiscal 2014 budget, Mr. Leggett proposed no reduction; in fact, in his six-year plan, he proposed retaining this high tax indefinitely.

The county needs to follow through on its promise to sunset the 2010 energy tax increase. Montgomery's energy tax constitutes 10 percent of most residents' energy bills, costs many businesses thousands of dollars annually and hurts the county's economic competitiveness.

Mr. Leggett is repeating a mistake of the recent past by agreeing to excessive pay raises. In spring 2008, just before the Great Recession began, a majority of the council and Mr. Leggett approved 10.5 percent pay raises for most fire and rescue employees. This pay raise quickly became unaffordable when the recession shredded jobs, unemployment doubled and tax revenue plummeted. The next three weeks will reveal whether the county council has learned not to make the same mistake twice.

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